

**BOROUGH OF HILLSDALE
RESOLUTION 16142**

CORRECTIVE ACTION PLAN 2015 AUDIT

WHEREAS, the 2015 Annual Audit of the Borough of Hillsdale, conducted by Garbarini & Co., P.C., contained certain recommendations requiring action; and

WHEREAS, these recommendations have been reviewed by the Chief Financial Officer; and

WHEREAS, the Chief Financial Officer, in accordance with the requirements promulgated by the New Jersey Division of Local Government Services, has developed a plan to address the recommendations listed by the auditors;

NOW, THEREFORE, BE IT RESOLVED by the Mayor and Council of the Borough of Hillsdale, that the Corrective Action Plan for the 2015 Annual Audit, hereto attached, is hereby approved and accepted; and

BE IT FURTHER RESOLVED that the Acting Borough Clerk is hereby directed to transmit a certified copy of this resolution and its attachments to the Division of Local Government Services.

Council member	Motion	Second	Yes	No	Absent	Abstain	Recuse
DeRosa, Anthony			X				
Karcich, Scott	X		X				
Looes, Chrisoula		X	X				
Lundy, Abby			X				
Pizzella, Frank					X		
Ruocco, John					X		
Frank, Douglas							

Adopted: June 8, 2016

Attest: Denise Kohan
Denise Kohan
Acting Municipal Clerk

Douglas E. Frank
Douglas E. Frank
Mayor

***Finding 2015-001**

Our audit revealed expenditures in excess of available appropriations in the Swim Pool Operating Fund and Trust Fund Reserves.

Criteria or Specific Requirement- N.J.S.A. 40A:4-57.

Condition- 2015 expenditures in the Swim Pool Operating Fund and Trust Fund Reserves exceeded available appropriations.

Context- Expenditures exceeded available appropriations by \$1,680.94 in the Swim Pool and \$779.79 in the Trust Fund.

Effect - Funds were expended in excess of available appropriations resulting in a deferred charge which is required to be raised in the subsequent year's budget.

Cause- Proper procedures, specifically approval of budget transfers or review of available balances, were not followed to ensure that approved appropriations were made available prior to incurring 2015 expenditures.

Recommendation – Budget transfers and or modifications be made to the Swim Pool Operating Fund prior to the over-expenditure available appropriations. Over-expenditure of Trust Fund Reserves be avoided.

Management's Response- Management has reviewed this finding and has indicated that corrective action has been developed and implemented to address this finding. Ongoing revenue and appropriations will be evaluated to ensure appropriation are within the adopted budget. Furthermore blanket purchase orders are issued to properly encumber funds based upon current awarded contracts.

Finding 2015-002

The Borough did not update its fixed asset inventory for 2015.

Criteria or Specific Requirement- N.J.A.C. 5:30-5.6 and Technical Accounting Directive 85-2

Condition- A fixed asset inventory was not available for audit for the year ended December 31, 2015.

Context- The last fixed asset inventory completed was as of December 31, 2014 by an outside firm.

Effect - The Schedule of Fixed Assets could not be updated for equipment values as of December 31, 2015.

Cause- The Borough did not contact the outside firm to update the fixed assets.

Recommendation – A complete fixed asset inventory should be completed and updated annually. All fixed assets should be tagged and the corresponding tag number should be reflected on the fixed asset list.

Management's Response- The Borough will consult with an outside firm in order to complete a fixed asset accounting inventory.

***15-03 FINDING:**

Monthly reports were not prepared by the Swim Pool personnel and reconciled to the Treasurer's receipts.

RECOMMENDATION:

Monthly reports be prepared by Swim Pool personnel and reconciled to the Treasurer's receipts.

Management's Response- Monthly reports will be prepared by Swim Pool personnel and reconciled to the Treasurer's receipts.

***15-04 FINDING:**

Our audit of grants receivables in the Current and General Capital Fund revealed numerous balances which appear old and inactive.

RECOMMENDATION:

Appropriate action be taken to clear of record the grants receivables in the Current Fund and General Capital Fund.

Management's Response- The Borough is in the process of evaluating grants receivables in the Current and General Capital Fund. It is anticipated that by the end of the month any open grant balances of completed projects will be canceled. The Borough is also actively pursuing reimbursement of the 2013 Bergen County ADA ramp grant receivable in the amount of \$152,758.98.

***15-05 FINDING:**

Our audit of the Public Assistance Trust Fund revealed that GA-12 state report (Statement of Refunds Report) did not reflect refunds of security deposits. The GA-12 reports were not generated and submitted to the NJ Division of Family Development.

RECOMMENDATION:

Public Assistance GA-12 state reports should be generated monthly and submitted to the NJ Division of Family Development. All refunds and voided checks should be reflected on this report.

Management's Response- The Borough will work with the Welfare Director to submit monthly generated Public Assistance GA-12 state reports and submit it to the NJ Division of Family Development. All refunds and voided checks should be reflected on this report.

***15-06 FINDING:**

Our audit revealed that one vendor for electrical services exceeded the bid threshold and was not advertised for bid. Our audit of emergency contract awards revealed written notification of the award was

not filed and the contract award was not approved by resolution of the governing body for library elevator contract.

RECOMMENDATION:

That all contracts that are above the bid threshold be bid in accordance with the Local Public Contract Law. Written notification of the existing emergency be obtained and emergency contract awards in excess of the bid threshold be approved by resolution of the governing body.

Management's Response- The Borough currently has a Full Time CMFO-Administrator and Qualified Purchasing Agent that will strive to be in compliance with the New Jersey Local Public Contracts Law, N.J.S.A. 40A:11-1 et seq. Purchases above \$6,000 will require at least three quotes based upon N.J.S.A. 40A:11-6.1(a). Purchases above \$17,500 will be awarded by the Mayor and Council via a resolution. If a true emergency exists a resolution will be presented to the Mayor and Council for adoption to properly declare an emergency. Then the approved resolution will be provided to the New Jersey Division of Local Government Services

15-07 FINDING:

Our audit revealed that proof of insurance was not on file for the two employees which were issued health insurance waiver payments.

RECOMMENDATION:

Proof of insurance is required to be maintained on file for all employees that receive health insurance waiver payments.

Management's Response- The Borough now requires with any health insurance waiver request, verification that the employee(s) has coverage with proof of a valid health insurance card.

15-08 FINDING:

During the audit of payroll, it was discovered that several timecards for hourly pay and or overtime did not contain the required employee or supervisor authorizing signatures.

RECOMMENDATION:

All timecards for hourly pay and or overtime contain the required employee and supervisor authorizing signatures.

Management's Response- The Borough now requires timecards for hourly pay and or overtime contain the required employee and supervisor authorizing signatures.

15-09 FINDING:

Termination and hire dates were not accurate in the payroll system. As a result, a proper audit of terminated employees could not be completed.

RECOMMENDATION:

The payroll system be corrected to include the correct hire and termination dates for all employees.

Management's Response- The Borough has corrected the payroll system to include the correct hire and termination dates for all employees.

15-10 FINDING

The CFO did not submit the "Drive Sober- Year End Crackdown Grant" for Chapter 159 as an additional amount of revenue and appropriation to the Division of Local Government Services for approval. However, the grant was received and expended appropriately.

RECOMMENDATION:

All Chapter 159's for grant budget amendments, must be submitted to the Division of Local Government Services for approval.

Management's Response- The Borough Mayor and Council will approve all Chapter 159's grant budget amendments. Then it will be submitted to the New Jersey Division of Local Government Services, for approval.

* Reported from prior year's audit